Analysis of Sino US Economic Development Based on the Russia-Ukraine Conflict

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Abstract. Since the Russia-Ukraine conflict escalated in 2022, signs of peace have not yet emerged. The economic recovery in the post epidemic era has become complicated due to the emergence of the Russia-Ukraine conflict. As the two most important economies in the world today, studying the economic trends of China and the United States can reveal the development trends of the world economy. This article mainly uses a series of data from the World Bank on the economy of China and the United States to analyze the economic changes in the two countries, and identifies some substantive issues through comparison and provides opinions. Research has found that China is more affected by economic shocks compared to the United States, which is similar to the situation in the vast majority of countries in the world. The research in this article roughly analyzes the forms of the two countries and provides some guidance for future economic construction.

Keywords: Russia-Ukraine conflict, China, US, Inflation rate.

1. Introduction

1.1. Research Background and Significance

Since the escalation of the conflict between Russia-Ukraine conflict in 2022, the world has fallen into a food and energy crisis, leading to a sharp rise in global inflation. Europe and America have introduced similar and synchronized monetary policies. Various factors have led to a global economic downturn [1]. China and the United States, as the two most important economies in the world today, have played extremely important roles in the process of economic recovery. By analyzing the changes of economic indicators before and after the Russia-Ukraine conflict between the two countries, the author can see the impact of the Russia-Ukraine conflict on the two countries, and then the author can have a clearer control of the global economy.

1.2. Literature Review

The theme of this article is the economic development of China and the United States. After the outbreak of the Russia-Ukraine conflict, most of the international papers on this aspect basically focused on the background of the Russia-Ukraine conflict. The United States, as a representative of developed countries, and China, as a representative of developing countries, studying the economies of both countries is of great representative significance. From this, the author can gain insights beyond the economic development of both countries to further consider the global economy

1.3. Research Contents and Framework

This article mainly compares the outbreak of China US economic Russia-Ukraine conflict from three aspects. They are GDP, unemployment rate, and inflation rate. Raise questions through comparison and provide targeted suggestions. Firstly, the data of China's GDP, unemployment rate, and inflation rate analyzed by authoritative institutions will be compiled into a line chart to analyze each of the three economic indicators. Then analyze the three economic indicators of the United States one by one using the same method. Three indicators correspond to the same time period and time interval respectively. After analyzing each item, compare them one by one. Identify similarities and differences between the two countries in various data. Targeted questions are mainly raised through the differences in economic changes between the two countries. Then analyze the cause of the

problem through known data. Furthermore, certain suggestions were proposed. Finally, a summary was made.

2. Description of China

2.1. GDP

As the residual temperature of the epidemic has not faded, and the outbreak of the Russia-Ukraine conflict, the global economy has been affected to a certain extent. The first graph as shown in figure 1 is China's GDP in the past decade. All data comes from CSMAR China Economic and Financial Research Database. As the figure 1 shown, when the COVID-19 epidemic comes in 2019, there is a trend of stagnant development in China's economy. During two years' hardworking, there are signs of recovery in China's economy. But because of the outbreak of the Russia-Ukraine conflict and the Sino US trade friction, China's GDP growth rate has significantly decreased in 2022.

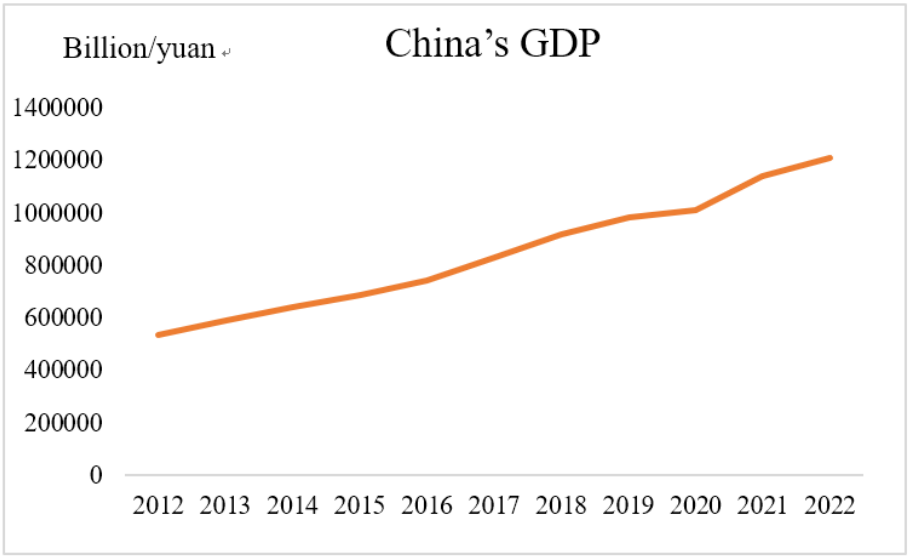


Fig. 1 China's GDP in the past decade

2.2. Unemployment Rate

The second set of data as shown in figure 2 shows China's unemployment rate in the past decade. The data comes from world bank on the internet. This set of data shows that before the COVID-19 epidemic, unemployment rate in China has a stable and decreasing trend. At the end of the epidemic, and because of the outbreak of the Russia-Ukraine conflict, the unemployment rate, which had fallen back, rebounded, and even reached the highest level in nearly a decade.

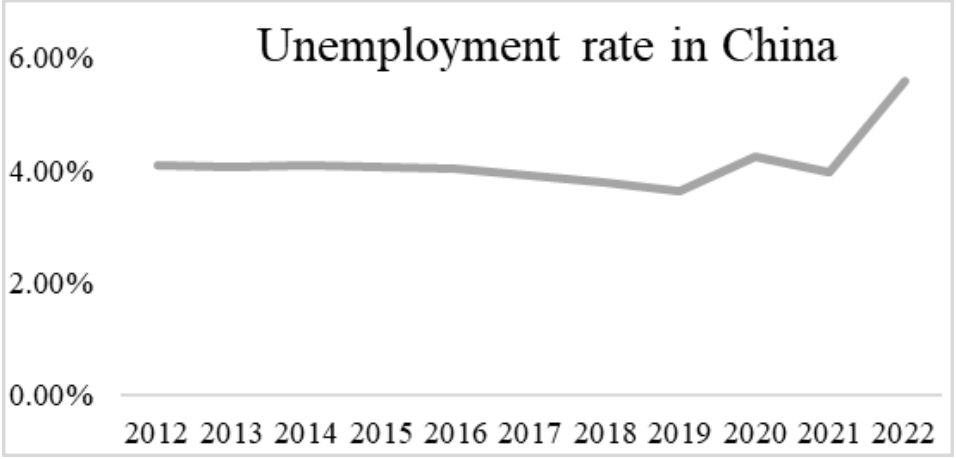


Fig. 2 Urban unemployment rate in China over the past decade

2.3. Inflation

The third set of data as shown in figure 3 shows China's annual inflation rate in the past five years. The data is from world bank on the internet too. Since 2018, the trend of the curve is similar to Figure 2. If there is no Russia-Ukraine conflict, China's economy will usher in a temporary recovery in the post epidemic era. So, although the Russo Ukrainian War did not touch China's national security, it affected the recovery of the Chinese economy and had a negative impact on the people.

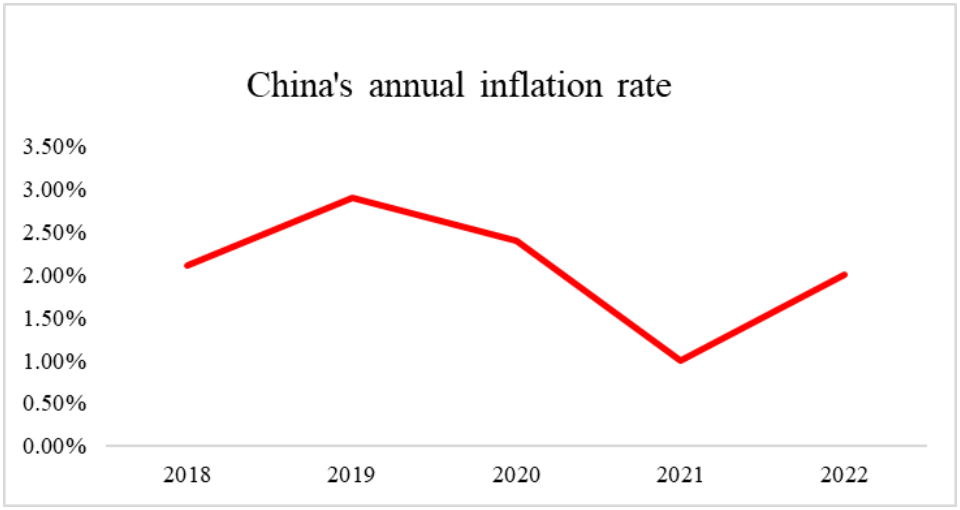


Fig. 3 Annual inflation rate in China in the past five years

3. Description of United States

3.1. GDP

Figures 4-6 depict the changes in economic indicators in the United States over the same period of time. All data is from world bank on the internet as mentioned earlier. The US GDP as shown in the figure 4 decline after the outbreak of the epidemic and then Steadily rise.

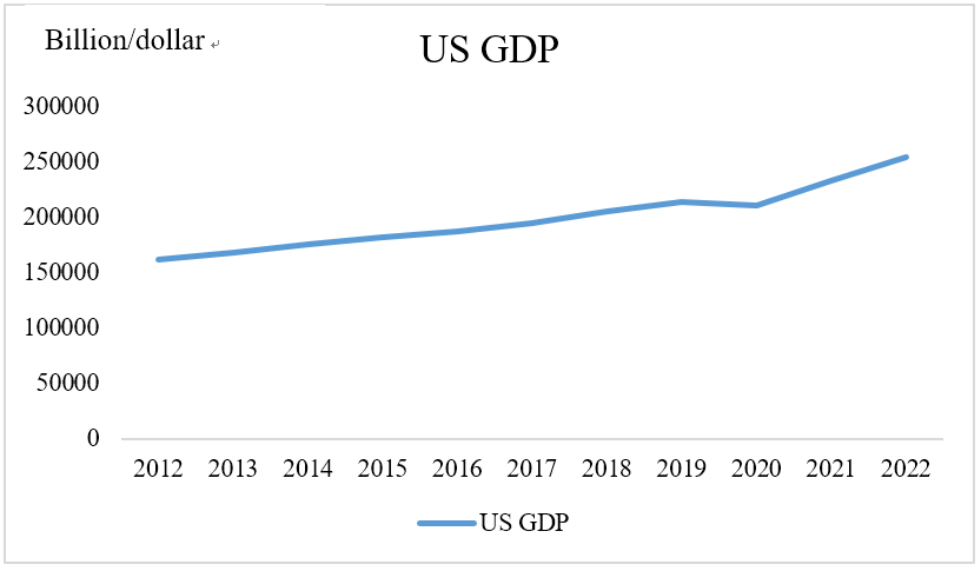


Fig. 4 GDP of the United States in the past decade

3.2. Unemployment rate

US unemployment rate as shown in figure 5 shows that before 2019, the proportion is decreasing year by year. But from 2019 to 2020, the rate has a sharp increase. Then on 2022, the rate falls back to almost the same level as in 2018. From 2020 to 2022, the data showed a downward trend.

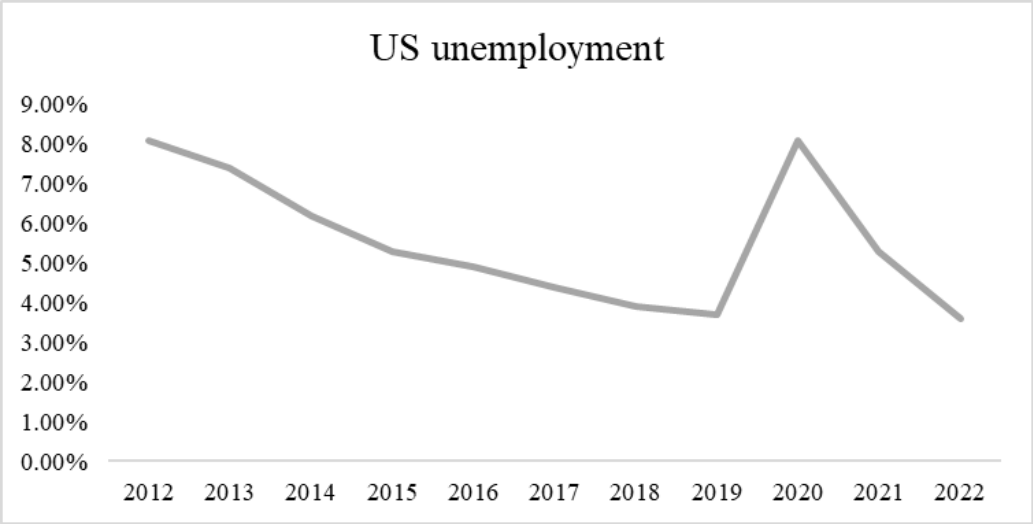


Fig. 5 Unemployment rate in the United States in the past decade

3.3. Inflation

The last set of data as shown in figure 6 is annual inflation rate in the United States in the past five years. 2020 looks like a turning point. Before this year, the rate decreased every year. But after 2020, the annual inflation rate increased year by year. The rate of increase is also extremely rapid.

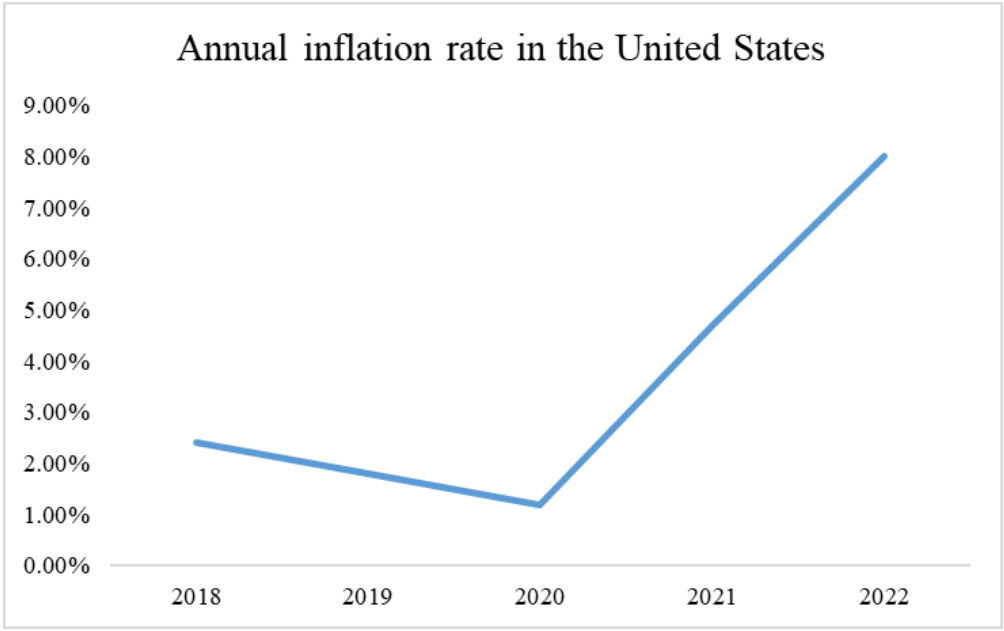


Fig. 6 Annual inflation rate in the United States over the past five years

4. Comparison of China and Unite States

Firstly, compare the GDP of the two countries. By comparing Figure 1 and Figure 4, it is found that the overall GDP of the United States far exceeds that of China. Moreover, in the past decade, both countries have shown an overall upward trend. Affected by the COVID-19, the growth rate of GDP in both countries has declined to a certain extent. However, the difference is that compared with the United States, China's GDP growth rate in 2022 has declined, which may be affected by the Russia-Ukraine conflict and Sino US trade friction. However, based on GDP data, the United States has not been greatly affected in this regard, and its growth rates from 2020 to 2021 and 2021 to 2022 are almost flat, reaching a linear relationship. But overall, China's GDP growth rate is much higher than that of the United States.

Then, compare the unemployment rates of two countries in the past decade. By comparing Figures 2 and 5, the unemployment rates of both countries showed a downward trend from 2012 to 2019. This is consistent with the development trend of the two countries' GDP. Both showed a trend of first increasing and then decreasing from 2019 to 2021. Behind this, there may be more impact from the epidemic. The difference is that in 2022, China's unemployment rate and significant increase reached their peak in a decade. The unemployment rate in the United States is still gradually decreasing, but the rate of decline has slowed down, but it has also basically returned to pre-pandemic levels. At this point, it can also be confirmed by the level of GDP development of both countries.

Finally, compare the annual inflation rate of the two country in the past five years. This set of data has the largest difference among the three sets of data. Before 2020, the United States had been on a downward trend, while China was unstable during this period, with ups and downs. During 2021 and 2022, China's inflation rate has increased and decreased, but remained basically between 0.5% and 2%. On the contrary, the United States has been on the rise, reaching a peak of 8% by 2022.

On the whole, the economies of the two countries and even the global economy have entered a turbulent era after 2019. After the outbreak of the Russia-Ukraine conflict in 2022, the economy that was about to recover has once again fallen into instability [1-3]. Based on the analysis above, two questions can be drawn. The first question is why, from the perspective of GDP, the impact on the United States is smaller than that on China? The second question is that why did China's unemployment rate rise sharply in 2022 and the United States' unemployment rate steadily decline.

For the first question, there are a few points of view. After the outbreak of the conflict, Russia issued many economic sanctions policies to target the European Union and the United States [4]. In addition, the outbreak of the Russia-Ukraine conflict led to the outbreak of energy and food problems, while the global logistics chain was blocked, which has brought some obstacles to the global economy [2,5,6]. However, in this situation, the reason why the economic development of the United States has not been greatly affected from a GDP perspective is that when the United States and the European Union imposed sanctions on Russia, the European Union took on considerable risks and still faced economic pressure, with the United States being the biggest beneficiary. Moreover, the abundant energy resources in the United States are not affected by Russia, which has become another factor that makes the United States more profitable than the European Union. On the other hand, the United States has relatively less frequent economic exchanges with Russia [7]. In addition, the outbreak of the Russia-Ukraine conflict must be accompanied by the consumption of arms. During this period, Ukraine and Europe both purchased arms from the United States for war purposes, which to some extent increased the income of the United States [8]. For China, in addition to the problems with other countries in the world, China's own "the Belt and Road" plan has also been blocked to a certain extent, affecting the development of China's economy [6].

For the second question, there are also some points of view. Due to the continuous decline of the global economy, as mentioned earlier, China is not only affected by food, energy, and logistics. It is the Belt and Road project has also been blocked, leading to the domestic economic downturn. After a series of measures, the United States has greatly reduced the impact of the Russia-Ukraine conflict on its own country.

There are some solutions to the problems mentioned above. For China, in summary, to consolidate and strengthen its own strength, and to use its international status and strength to smooth international relations and trade. The specific measures are to improve our own industrial chain and adhere to the "dual circulation" development pattern, replace traditional regulatory models with technology driven regulation, improve domestic and global financial emergency warning plans, constantly pay attention to changes in the international situation, and prepare for self-adjustment [5]. For the United States, reducing the impact of monetary policy on other countries, actively investing in the development of international peace, and putting the global economy on track as soon as possible [9,10].

5. Conclusion

Under the background of the outbreak and escalation of the Russia-Ukraine conflict, this paper studies the change trend of the Sino US economy to explore the trend of the global economic recovery. This article mainly uses authoritative data from the World Bank to conduct a specific analysis of the comparison of GDP, unemployment rate, and inflation rate between China and the United States. In general, the economy of both countries has been affected by the Russia-Ukraine conflict, which has hindered the economic development of both countries to a certain extent. In contrast, compared to the United States, China's economy has been greatly impacted, which also reflects the majority of developing countries in the world. So it is recommended that China, while increasing its own construction, use its irreplaceable international status to regulate the development of the global economy. The United States actively promotes the development of global peace and alleviates the pressure of monetary policy on other countries' economies to work together to cope with the phenomenon of global economic recession. This paper should be seen by more economic professionals, not just those from China and the United States. In addition, the author hope that the national government can adopt opinions and formulate and modify policies based on its own national conditions. Because in today's environment, the world is increasingly becoming a whole, and any economic problem that arises in a country will inevitably affect the global economy. As the two strongest economies in the world today, China and the United States, the economic changes in these two countries can help more people understand the changes in the current situation and subsequent solutions. The flaw of this article is that the data is relatively general and does not provide specific data on a monthly or quarterly basis until 2022. So, in terms of analysis, it is relatively general. In future research, it should continue to pay attention to international trends, incorporate more economic indicators into the research scope, make the research more specific and detailed, and make the research value more precious.

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